Attachment # 4

Foodservice Survey Results Summary

In early 2001, surveys were sent to Kentucky Chefs asking them about their impressions of locally produced meat products and about how they make purchasing decisions in their restaurants. This survey was intended to evaluate the potential for livestock producers to sell meat directly to restaurants. In total, 106 chefs from across the state completed the survey. After two mailings, 106 chefs responded to the survey. In terms of distribution, roughly 23% of the responses came from Lexington, roughly 34% came from Louisville, and the remaining 43% came from various locations across Kentucky outside of Louisville and Lexington.

The first question on the survey asked respondents to indicate what category best described their establishment. These categories are fine dining, budget diner, casual / family dining, and other. When possible, results are expressed in total and then broken down by restaurant category. Some of these results have been summarized below.

Respondents were asked if they had used locally produced meat products in the past. 40% indicated that they had used local meat products, while the remaining had not. For fine dining restaurants, this number increased to around 44%. Conversely, for budget and casual dining restaurants, only 26-27% of them had tried local products.

Restaurants were then asked if they thought featuring local products would help, hurt, or have no impact on their business. 52% of respondents felt that local products would help their business, 48% said that local products would have no impact on them, while no respondents indicated that local products would hurt their business. Again, fine dining restaurants were the most positive group; 64% of them felt that local products would be beneficial.

When asked to rank criteria that were most important to them as they purchased meat products, restaurants indicated that USDA quality grade was the most important factor, with price and freshness being a close second and third respectively. Fine dining restaurants responded similarly with USDA grade considered most important, but freshness was second and price was third.

Restauranteers were then asked about the form in which they like to receive meat products. 89 responded that they accepted product fresh, while 44% accepted product frozen. Obviously some received both fresh and frozen products. When asked about vacuum packaged versus freezer paper, there was an overwhelming preference for vacuum packaged.

They were also asked if they could influence their vendors to carry certain items; just over 80% indicated that they could. Not surprisingly, fine and casual dining restaurants seemed the most certain that they could influence their vendors.

We asked restaurants about their willingness to work with individual producers or producer cooperatives as opposed to working with a purveyor. 63% of all respondents were willing to work with individual producers, while 76% showed willingness to work with a group of producers. Again, it was fine dining restaurants that showed the most flexibility. 72% indicated willingness to work with individual producers and 92% indicated willingness to work with a group of producers or a cooperative.

Lastly, restaurants were asked to indicate the volume of meat that they would purchase if local meat were available to them at the current price and at a 20% premium. Out of 106 respondents, only 20 answered this question in a way that it could be comfortably analyzed. Of these 20 responses, 10 indicated that their purchase intentions would not be affected by a 20% price increase, 5 indicated that they would lower the quantity of their purchases as a result of a 20% increase, and 5 indicated that they would not purchase local meat at all if it were priced at a 20% premium.

As we evaluate the practicality of selling locally produced meat to local restaurants, the results of this survey provide some positive insight. Restaurant chefs and managers who responded to this survey indicate some desire to feature local meat products on their menu. We learned that although price is an important factor in the purchase decision, it is not the only factor. Respondents indicated that quality grade and freshness were equally as important.

We confirmed the suspicion that preference is for fresh vacuum packaged products. This means frequent deliveries and processing for convenience. Vacuum packaging is a service that will cost more when processing is conducted in small packing plants such as we have in Kentucky. This increased cost should be considered when discussing pricing with restauarants.

Another positive note was the belief that restaurants could influence vendors to carry certain items. Despite some clear possibility for selling directly to restaurants, use of a purveyor would make a local meat system much more efficient. Based on the responses to this survey, by selling chefs and restaurants managers on the local meat concept, it is quite possible that a purveyor would be interested in capitalizing on the opportunity.

Although this survey does provide some useful insight on the meat purchasing side of the restaurants business, I would recommend further study in the are of willingness to pay. This survey was intended to address this question, but responses were minimal and the data was largely suspect. Perhaps a focus group setting using conjoint analysis would be the best way to evaluate this question.